

GSW

GSW INC.

Annual Report 1981

GSW INC.



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at 11:00 A.M.

Ce Rapport Annuel est
disponible en français, sur
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GSW Inc.
Royal Bank Plaza
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M5J 2J4
Attention: Treasurer

M. O. H.
Vice-Pr
Research
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Corpora

Report of the Board of Directors

GSW



To the Shareholders:

Net income in 1981 was \$3,820,000 or \$.93 per share.

Net income for the year from GSW operations was \$7,477,000.

share compared to \$3,003,000 or \$.73 per share.

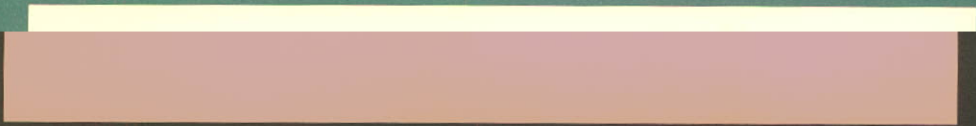
or \$.59 per share, the same as 1980. Operating income from

capacity.

Middle: Accurate inventory procedures contribute to overall manufac-

share in earnings company

Bottom: Sturdy and attractive GSW Lockers stand up to tough use in sports and recreational facilities.



[illegible]

and costs. Fixed manufacturing overhead costs are allocated to units produced in an accounting period based on the standard cost for each unit. If production is less than expected, fixed manufacturing overhead costs are allocated to fewer units, and the unit cost is higher. If production is more than expected, fixed manufacturing overhead costs are allocated to more units, and the unit cost is lower. This can result in a company's unit costs being higher or lower than expected, depending on whether production is less or more than expected. This can also result in a company's unit costs being higher or lower than the unit costs of its competitors, depending on whether its production is less or more than its competitors' production.

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ឧបសគ្គនៃការប្រឆាំងនឹងការប្រើប្រាស់ប្រាក់បៀវត្សប្រចាំខែ។ ឧបសគ្គនៃការប្រឆាំងនឹងការប្រើប្រាស់ប្រាក់បៀវត្សប្រចាំខែ។ ឧបសគ្គនៃការប្រឆាំងនឹងការប្រើប្រាស់ប្រាក់បៀវត្សប្រចាំខែ។	ឧបសគ្គនៃការប្រឆាំងនឹងការប្រើប្រាស់ប្រាក់បៀវត្សប្រចាំខែ។ ឧបសគ្គនៃការប្រឆាំងនឹងការប្រើប្រាស់ប្រាក់បៀវត្សប្រចាំខែ។ ឧបសគ្គនៃការប្រឆាំងនឹងការប្រើប្រាស់ប្រាក់បៀវត្សប្រចាំខែ។
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(\$000's)	1981	1980
Assets		
Current:		
Cash and short-term deposits:	\$ 1,369	\$ 4,690
Accounts receivable	9,829	10,430
Inventories —		
Finished goods	8,164	6,488
Raw materials and work in process	14,246	11,124
Prepaid expenses	737	636
	34,345	33,368
Investment in Camco Inc (note 5)	11,174	9,790
Fixed:		
Land, buildings and equipment	14,369	13,653
Less accumulated depreciation	9,711	8,982
Total fixed assets	4,658	4,671
Total assets	\$50,177	\$47,829

1981 1980

Liabilities

Current:

Accounts payable and accrued liabilities	\$14,841	\$15,615
Income and other taxes payable	1,214	645

Total current liabilities 16,055 16,260

Long-term:

Bank loans (note 7)	3,912	4,180
Note payable (note 8)	1,778	1,795
Other	1,598	1,594

Total long-term liabilities 7,288 7,569

Deferred income taxes 313 396

Shareholders' equity:

Share capital (note 2)	2,537	2,537
Contributed surplus		427
Retained earnings	23,984	20,640

Total shareholders' equity

Total liabilities and shareholders' equity

Auditors' Report

To the Shareholders of GSW Inc.:

central export marketing function was integrated into the respective product divisions to provide a closer link between manufacturing divisions and their ultimate

We have examined the consolidated balance sheet of GSW Inc. as at December 31, 1981 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was

customers.

financial position of the company as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

circulator
Louis plan
Bottom: A

chimneys br
product line

Consolidated Statement of Income

GSW

Year ended December 31, 1981 (with comparative figures for 1980)

(\$000's)

1981

1980

Sales

\$88,727

\$69,710

Operating costs:

Employee compensation including benefits

23,281

17,507

Materials, supplies, services and other costs

58,907

46,812

Depreciation

914

748

Total operating costs

83,102

65,067

Income from operations

5,625

4,643

Interest expense:

Long-term

1,665

1,088

Short-term

825

520

Other

435

328

1,815
435

230
328

1,450

558

Income taxes

4,175

4,085

Current

1,854

1,448

Deferred

(101)

220

1,753

1,668

Equity interest

2,422

2,417

Income

(note 5)

1,398

586

Income for the year

\$ 3,820

\$ 3,003

Per common share

\$.93

\$.73

(See accompanying notes)

Consolidated Statement of Retained Earnings

circulators, through which the products were introduced to the Canadian market in 1981, while the U.S. products for 1980)

1981	1980	(\$000's)
\$20,640	\$18,457	Balance, beginning of year
427		Add: Transfer of contributed surplus
3,820	3,003	Net income for the year
24,887	21,460	
903	820	Deduct dividends of \$.22 per share (\$.20 in 1980)
\$23,984	\$20,640	Balance, end of year

Notes to Consolidated Financial Statements

GSW

December 31, 1981.

1. Summary of significant accounting policies

The following is a summary of the significant accounting policies followed in the preparation of the consolidated financial statements:

(a) *Inventory valuation* —

fifteen years from the date such costs are established.

(e) *Income taxes* —

The company follows the tax allocation method of accounting for income taxes. Under

new product line is applicable to industrial sites, retail

Leases and commitments

The company leases office and equipment on a short-term basis, based upon five years. The annual cash payments for these operating leases is approximately \$24,000.

Personnel

There are a number of persons who have been hired as employees of the company. During the year the company wanted to increase its staff. Therefore, the company wanted to hire a number of GSW's. The company wanted to hire a number of GSW's. The company wanted to hire a number of GSW's. The company wanted to hire a number of GSW's.

ls, and multiple-
his product has

d in 1981 the



and business complexes, hotels and unit residences. Customer response been encouraging.

GSW also designed and devel

5. Camco Inc (formerly Canadian Appliance Manufacturing Company Limited)

The company owns shares in Cameco Inc having 50% of the total votes and 40% of the equity participation. Set forth below is a summary of the financial position of Cameco Inc as at December 31, 1981 and a summary of the results of its operations for the year then ended.

B. Summary of results of operations

Year ended December 31 (\$000's)	1981	1980
Sales of products and services	\$329,332	\$309,728
Operating costs:		
Employee compensation	107,972	97,521
Materials, supplies		

low-profile "Sunny" domestic water heater with a 10-gallon capacity and that requires no traditional forty gallon capacity unit.

er, a fifty
space than the
is new product

205,143	198,428
2,591	2,573
310,712	298,521
18,620	10,707
13,253	9,600
5,367	1,107

A. Summary of financial position

December 31 (\$000's)	1981	1980	
Cash and receivables	\$ 53,013	\$ 54,794	services and other cost
Inventories	76,675	74,801	Depreciation
Other current assets	2,349	3,362	Total operating costs
			Income from operations
			Financial expense, net
			Income before income tax

market when prices are at a premium

coys. Customer demand has exceeded our expectations. A new automated drilling centre went into operation early in the year in the Ferris plant and is produ

Notes to Consolidated Financial Statements

the total number of countries to which it exports, we began shipping winch pumps and transmission components

Building products operations comprise the production of metal and vinyl rain goods, lockers, waste disposal containers and wood burning stoves and accessories. The company continues to produce complete machines in the United States and wringer washer

6. Segmented information

The company operates in two major segments — water products and building products operations. The sale of kits and components may be a viable alternative to the sale of pumps, water

are a degree of local manufacturing is

A. Industry segment

those countries

	1981			1980		
(000's)	Water Products	Building Products	Total	Water Products	Building Products	Total
Operating profit	\$50,811	\$37,916	\$88,727	\$45,891	\$23,819	\$69,710
Interest expense, net	\$ 3,547	\$ 2,078	\$ 5,625	\$ 2,705	\$ 1,938	\$ 4,643
Income taxes			(1,450)			(558)
Equity in net income of Camco Inc			(1,753)			(1,668)
Net income for the year			1,398			586
Net income for the year			\$ 3,820			\$ 3,003
Identifiable assets	\$19,700	\$17,630	\$37,336	\$17,160	\$15,775	\$32,935
Corporate assets			12,841			14,894
Total assets			\$50,177			\$47,829
Capital expenditures	\$ 310	\$ 577	\$ 321	\$ 1,890		
Depreciation and amortization	\$ 269	\$ 645	\$ 264	\$ 484		

continuing to

had limited success, however we are c

	1981	U.S.A. operations	Total
Operating profit	\$16,121	\$88,727	
Interest expense, net	375		
Income taxes	\$16,496		
Equity in net income of Camco Inc	\$ 53	\$ 5,625	
Net income for the year		(1,450)	
Net income for the year		(1,753)	
Net income for the year		1,398	
Net income for the year		\$ 3,820	
Identifiable assets	\$7,553	\$37,336	
Corporate assets		12,841	

The U.S.A. subsidiary was acquired October 1, 1980 therefore comparative information is not presented.

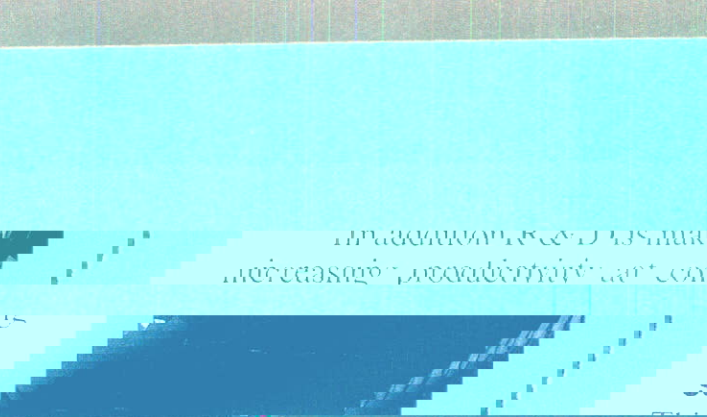
The Canadian operations of the company include export sales of \$13,536,000 (1980 — \$13,142,000).

(000's)	Operating profit
Sales to customers	\$
Intercompany sales to other segments	\$
Segmented operating profit	\$
Interest expense, net	\$
Income taxes	\$
Equity in net income of Camco Inc	\$
Net income for the year	\$
Identifiable assets	\$
Corporate assets	\$

Five Year Review

(in thousands except per share data)

Five Year Review					
(in thousands except per share data)					
	1979	1978	1977	1981	
Net Sales	\$61,997	\$58,685	\$51,236	\$88,727	\$61,997
GSW Net Income					
— before extraordinary items & share of Camco	2,427	1,650	1,125	2,422	1,125
— after extraordinary items & before share of Camco	2,422	1,647	1,125	2,422	1,125
Share of net income to Camco	0,298	235	0,198	1,230	201
Net Income for the year	\$1,824	\$1,412	\$927	\$1,192	\$924
Earnings per share					
— before extraordinary items	\$2.43	\$1.65	\$1.13	\$2.42	\$1.12
— after extraordinary items	\$2.42	\$1.64	\$1.12	\$2.42	\$1.12
Dividends paid on common shares	905	820	525	13,745	—
GSW Financial Highlights at Year-End					
Working Capital	16,290	17,108	14,581	14,581	14,581
Shareholders' Equity	10,000	10,000	10,000	10,000	10,000

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